Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.

Reserve
A.250.3449
C39

DC BRANCH

MILK MARKET INFORMATION BULLETIN
CHATTANOOGA, TENNESSEE, MARKETING AREA

Volume 19 OCTOBER 1974 Number 3

Released Pursuant to §1000.3 and §1090.86, USDA-AMS
Federal Order No. 90, 112 Lee Parkway Drive, Chattanooga, Tennessee 37411
J. E. Bobo, Market Administrator

ROCKVILLE SECTION
CURRENT SERIAL RECORDS

MARKET SUMMARY - OCTOBER 1974

The Chattanooga Order MINIMUM uniform producer price is $8.35 per cwt. at pool plants for milk testing 3.5% butterfat. The producer butterfat differential is 7.9 cents for each one-tenth of one percent above or below 3.5% test. This is a price increase of 2 cents above October 1973 and an increase of 15 cents above September 1974.

In October 1974, 87.8% of producer milk received by pool plants was priced in Class I at $8.54 per cwt., 8.1% was priced in Class II at $6.92 per cwt. and 4.1% was priced in Class III at $6.82 per cwt. for milk testing 3.5% butterfat. The October butterfat differential for all milk testing above or below 3.5% is 7.9 cents.

Total producer milk received at pool plants during October 1974 was 26,318,222 pounds which is an increase of 3,402,834 pounds or a daily average increase of 14.9% compared with October 1973. The October daily average deliveries from 454 producers was 1,870 pounds. This compares to 561 farms delivering a daily average of 1,318 pounds per day during October 1973.

USDA ISSUES DECISION ON FLUID MILK PRICES TO FARMERS IN ALL FEDERAL ORDERS

A recommended decision (Federal Register November 19) not to raise minimum "floor" prices for computing fluid milk (Class I) prices paid to farmers under all 61 federal milk marketing orders was issued by the U. S. Department of Agriculture (USDA). The decision, made on the basis of evidence presented in a public hearing at Rosemont, Ill., October 8-10, would continue present pricing procedures for fluid use (Class I) milk. Under current pricing precedures, specific differentials are added to the Minnesota-Wisconsin manufacturing price to establish the fluid-use (Class I) minimum price in each order.

The M-W price--which reflects average prices paid by processing plants in the two states for manufacturing grade milk--is now rising seasonally, reflecting an increase from $6.29 per 100 pounds in July to $6.82 in October. Further seasonal rises are expected during the rest of this year and into early 1975.

The decline in milk production, which has been occurring for some time, has slackened. Milk production was up almost 3 percent in September, the sharpest increase in almost a decade. This followed production gains during July and August. Larger marketings of milk by farmers in the third quarter, along with the lower fluid milk sales, pushed more milk into manufacturing uses, particularly for butter and nonfat dry milk.

Fluid milk consumption has been hit hard by the rapidly rising retail milk prices, officials noted. Fluid milk sales in federal order markets fell about 5 percent in the first half of 1974. The CCC has purchased substanial quanties of dairy products under the price support program this year. Purchases of nonfat dry milk continue sizable and some cheese is still being purchased. CCC inventories of nonfat dry milk are rising at a rapid rate, and reached about 135 million pounds at the end of October. A year ago, CCC had no stocks.

COMPARISON OF MILK RECEIPTS AND UTILIZATION
(DAILY AVERAGE POUNDS)

	% Oct.'74 Over Oct.'73	Oct. 1974	Sept. 1974	Oct. 1973 1/
Number of Plants - Pool		4	3	3
- Non-Pool		14	14	13
RECEIPTS				
Pool Plants - Producer Milk	+14.9	848,975	852,163	739,206
- Other Source	-33.2	67,904	70,109	101,590
- Other Federal Orders	-71.3	24,648	4,855	85,896
Non-Pool Plants - Cl. I Sales in Area	-34.4	68,039	63,854	103,749
TOTAL MILK RECEIPTS	- 2.0	1,009,566	990,981	1,030,441
UTILIZATION				
Class I Uses				
Homo Milk	+ 8.1	426,389	408,692	394,620
2% Milk	+34.4	231,160	218,315	171,940
Skim	+ 2.2	20,856	20,930	20,418
Buttermilk	+10.3	59,135	55,914	53,591
Flavored Milk and Drink	+44.4	40,177	36,759	27,819
Sub-Total of Pkg. Items (Pool Plants)	+16.4	777,717	740,610	668,388
Other		2,250	898	
Sales to Non-Pool Plants		-0-	-0-	-0-
In Area Sales by Non-Pool Plants	-34.4	68,039	63,854	103,749
TOTAL CLASS I USAGE		848,006	805,362	
Class II Uses - Pool Plants only				
Sweet Creams - Routes	+11.1	2,185	2,098	1,966
Sour Cream and Dip - Routes	+ 5.9	1,383	1,449	1,306
Yogurt - Routes	+15.4	411	384	356
Ice Cream	+ 4.0	66,323	73,387	63,780
Other		45,330	48,758	
Sales to Non-Pool Plants		4,188	4,168	
TOTAL CLASS II USAGE		119,820	130,244	
Class III Uses - Pool Plants only				
Animal Feed and Dumped	- 2.4	4,874	6,652	4,995
Class III Shrinkage		14,069	14,046	
Inventory Variation		(4,853)	22,398	
Other		23	52	
Bulk Sales to Non-Pool Plants		27,627	12,227	
TOTAL CLASS III USAGE		41,740	55,375	
IN AREA PACKAGED ROUTE DISPOSITION BY POOL PLANTS AND NON-POOL PLANTS				
Homo Milk	- 4.6	337,438	322,854	353,839
2% Milk	+25.1	160,058	150,937	127,912
Skim and 1% Milk	- 2.2	15,533	15,533	15,885
Buttermilk	- 3.3	45,935	43,311	47,513
Flavored Milk and Drink	+24.3	33,391	30,214	26,865
Total Class I Disposition In-Area	+ 3.6	592,355	562,849	572,014
CLASS I PKGD. ROUTE DISPOSITION				
In-Area by Pool Plants	+11.9	524,316	498,995	468,687
In-Area by Non-Pool Plants	-34.2	68,039	63,854	103,327

1/ The Order was amended effective August 1, 1974 to provide for a three use classification. Therefore, comparision with previous months are not made for all items of use.

COMPUTATION OF PRODUCER UNIFORM PRICE

October 1974	Class Percent	Butterfat Pounds	Product Pounds	Cwt.Price @ 3.5%	Total Value
Class I Producer Milk	87.8	613,745	23,118,319	$8.54	$1,974,304.45
Class II Producer Milk	8.1	189,707	2,117,075	6.92	146,501.59
Class III Producer Milk	4.1	190,038	1,082,828	6.82	73,848.87
TOTAL PRODUCER MILK	100.0	993,490	26,318,222		$2,194,654.91
Add Value of Overages					720.09
Add Inventory Reclassification Charges					-0-
Add Value of Class I Other Source Milk and Producer Location Adjustment					-0-
Add ½ Producer-Settlement Fund Balance					$ 12,851.98
Total Utilization Value @ 3.5% Test			26,318,222	$8.390487	2,208,226.98
Less Producer-Settlement Fund Reserve			26,318,222	.040487	10,655.46
PRODUCER UNIFORM PRICE @ 3.5% TEST			26,318,222	$8.35	$2,197,571.52

OCTOBER 1974 MINIMUM PRODUCER PRICES CWT. f.o.b. CHATTANOOGA POOL PLANTS
BUTTERFAT DIFFERENTIAL 7.9¢ PER POINT (EXCLUDES PREMIUMS)

TEST-%	PRICE	TEST-%	PRICE	TEST-%	PRICE	TEST-%	PRICE	TEST-%	PRICE
3.0	$7.955	3.6	$8.429	4.2	$8.903	4.8	$9.377	5.4	$9.851
3.05	7.9945	3.65	8.4685	4.25	8.9425	4.85	9.4165	5.45	9.8905
3.1	8.034	3.7	8.508	4.3	8.982	4.9	9.456	5.5	9.93
3.15	8.0735	3.75	8.5475	4.35	9.0215	4.95	9.4955	5.55	9.9695
3.2	8.113	3.8	8.587	4.4	9.061	5.0	9.535	5.6	10.009
3.25	8.1525	3.85	8.6265	4.45	9.1005	5.05	9.5745	5.65	10.0485
3.3	8.192	3.9	8.666	4.5	9.14	5.1	9.614	5.7	10.088
3.35	8.2315	3.95	8.7055	4.55	9.1795	5.15	9.6535	5.75	10.1275
3.4	8.271	4.0	8.745	4.6	9.219	5.2	9.693	5.8	10.167
3.45	8.3105	4.05	8.7845	4.65	9.2585	5.25	9.7325	5.85	10.2065
3.5	8.35	4.1	8.824	4.7	9.298	5.3	9.772	5.9	10.246
3.55	8.3895	4.15	8.8635	4.75	9.3375	5.35	9.8115	5.95	10.2855

CHATTANOOGA FEDERAL ORDER - MILK BASE RULES

The following Federal Order rules apply in connection with the establishment and assignment of producer milk bases for the Chattanooga Marketing Area.

(a) A base shall be assigned to the producer for whose account milk is received at a pool plant during the months of September through January.

(b) An entire base may be transferred effective as of the end of any month during which an application, on approved form, for such transfer is received by the Market Administrator.

1. All base transfers shall be signed by the person transferring base and the person receiving base.
2. If a base is held jointly, the transfer application shall be signed by all joint holders or their heirs.

(c) A base established as a partnership may be divided between the partners on any basis agreed to in writing by the partners, provided written notification is given the Market Administrator prior to the first day of the month on which such division is to be effective.

CHATTANOOGA ORDER MINIMUM MILK PRICES (3.5 PERCENT TEST)

Date	PRODUCER UNIFORM PRICES 1/ Per Hundredweight				HANDLER CLASS PRICES 1/4/		
	Uniform	Base	Excess	Bf. Dif.	Class I Cwt.	Class II Cwt.	Class III Cwt.
Oct.'73	$8.33	-	-	10.0¢	$8.53	$7.49	
Nov.	8.86	-	-	9.2	9.06	7.64	
Dec.	9.20	-	-	8.6	9.64	7.94	
Jan.'74	9.33	-	-	8.2	9.79	8.10	
Feb.	9.40	-	-	7.8	10.09	8.14	
Mar.	9.51 2/	$9.85	$8.15	7.8	10.25	8.15	
Apr.	9.33 2/	9.81	7.73	8.0	10.29	7.73	
May	9.17 2/	9.89	6.93	7.6	10.30	6.93	
June	8.50 2/	9.17	6.31	7.2	9.88	6.31	
July	8.20 2/	8.66	6.29	7.2	9.08	6.29	
Aug.	8.21	-	-	7.7	8.46	6.49	$6.39
Sept.	8.20	-	-	7.8	8.44	6.79	6.69
Oct.	8.35	-	-	7.9	8.54	6.92	6.82
Nov.	-	-	-	-	8.84	-	-
Dec.	-	-	-	-	8.97	-	-

Date	PRICE QUOTATIONS			PRODUCER MILK USE 4/ (Daily Average)					
	Chi.92° Butter ¢ Lb.	Chi.Area Powder ¢ Lb.	Minn/Wisc. Mfg. Milk Cwt.-3.5%	Class I Pounds	Class II Pounds	Class III Pounds	Percentage Use Cl.I	Cl.II	Cl.III
Oct.'73	79.34	50.82	$7.49	672,259	66,947		90.9	9.1	
Nov.	75.00	51.04	7.64	690,996	65,376		91.4	8.6	
Dec.	71.98	52.03	7.94	735,380	233,683		75.9	24.1	
Jan.'74	68.49	55.13	8.10	737,793	249,088		74.8	25.2	
Feb.	64.07	57.75	8.14	691,834	361,676		65.7	34.3	
Mar.	68.06	61.52	8.15	723,583	404,160		64.2	35.8	
Apr.	68.23	68.73	7.73	744,227	434,702		63.1	36.9	
May	60.51	66.22	6.93	804,711	378,718		68.0	32.0	
June	60.57	58.45	6.31	697,373	443,971		61.1	38.9	
July	60.83	56.52	6.29	715,569	324,116		68.8	31.2	
Aug.	67.08	57.05	6.39	719,339	89,630	19,000	86.9	10.8	2.3
Sept.	67.71	56.93	6.69	729,330	71,550	51,283	85.6	8.4	6.0
Oct.	68.84	56.91	6.82	745,752	68,293	34,930	87.8	8.1	4.1

SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE POUNDS)

Date	HANDLERS GROSS MILK 3/			PRODUCER DATA					
	No. Hdlers	Total Receipts	Class I Use 4/	Pool Plants	No. Prod.	Total Delivery	Base Delivery	Average Test-%	Av.Per Farm
Oct.'73	16	926,692	776,654	3	561	739,206	-	3.74	1,318
Nov.	16	916,985	793,538	3	553	756,372	-	3.87	1,368
Dec.	17	1,157,582	829,686	4	624	969,063	-	3.91	1,553
Jan.'74	17	1,170,171	837,331	4	626	986,881	-	3.94	1,576
Feb.	17	1,233,886	790,532	4	738	1,053,510	-	3.87	1,428
Mar.	17	1,275,930	783,913	4	701	1,127,743	909,675	3.74	1,609
Apr.	18	1,406,083	806,245	4	750	1,178,929	913,117	3.73	1,572
May	18	1,393,911	868,280	4	749	1,183,429	899,410	3.67	1,580
June	18	1,302,939	753,227	4	722	1,141,344	877,774	3.61	1,581
July	18	1,178,805	765,797	4	731	1,039,685	841,605	3.59	1,422
Aug.	17	983,351	818,969	3	579	827,696	-	3.62	1,430
Sept.	17	990,981	805,362	3	561	852,163	-	3.64	1,519
Oct.	18	1,009,566	848,006	4	454	848,975	-	3.77	1,870

1/ Excludes Premiums
2/ Weighted Average Price
3/ OtherSource is Gross minus Producer; Class II is Receipts minus Class I
4/ Order amended August 1, 1974 to provide for three classes of utilization; therefore not comparable in all categories to previous months.